1961, before the Department of the Interior Oil Import Hearings; Statement of September 2, 1964, to the Senate Select Committee on Small Business; Statement of March 10, 1965, before the Department of the Interior Oil Import Hearings; Statement before the May 22–24, 1967, Department of the Interior Oil Import Hearings, and the Statement of Under Secretary Elmer Bennett dated April 21, 1960, explaining the fundamental premises of the import program, and referred to in the last mentioned IRAA statement.

We should like, however, to highlight certain aspects of the matter of direct and immediate significance for the legislation currently under review.

1. *Oil Import Controls Differ from General Protectionist Legislation.*

The pending oil import legislation (i.e., S. 2332) differs greatly from the pending bills of a general protectionist nature considered by the Senate Finance Committee in the hearings of October 18–20, 1967. It is most significant that the existing oil import program (which it is the purpose of S. 2332 to confirm) has its statutory origin and basis in the several trade *expansion* acts. Oil import controls are there authorized—under the national security exception to the general program for unrestricted trade. A national security exception was recognized as a necessary part of this country's trade expansion policies. National security has been and should continue to be the basis and the objective and correspondingly the limit of the oil import program.

The other protectionist bills pending before the Senate Finance Committee represent instead a direct collision with the policy of free trade which so recently was pressed to significantly new accomplishments in the so-called "Kennedy round". This difference between the oil import control legislation and the bills of a general protectionist nature should be recognized in the consideration of these bills by the Congress. The national security exception to free trade, which has been an essential part of the free trade policy since its inception, should meet with the approval of even the most vigorous free trade advocates who otherwise would oppose general protectionist legislation.

The oil import proposal now before the Committee reflects essentially the concern of its sponsors that recent administrative actions are tending to twist the program toward objectives other than the national security (specific instances are discussed separately below. It represents a tightening of the program to its national security purpose. As such, the legislation deserves the endorsement of everyone including those favoring the original trade expansion legislation now up for further extension.

2. *Recent Steps to Subvert the Oil Import Program.*

S. 2332 is a response, in effect, to recent steps by the Administration, some accomplished and others still proposed, which would have the practical effect of subverting the oil import program as it has been so carefully developed over the years under three different Presidents. The recent measures which would use the import program for purposes other than the national security include:

(*a*) The grant of special import treatment to the Phillips Petroleum Company to encourage it to make investments in Puerto Rico which would help the economic development of that territory. Following this special deal, other companies promptly sought similar treatment with proposals to stimulate the economic development of Puerto Rico, the Virgin Islands and even Guam in exchange for the grant of valuable import rights. All these proposals are extraneous to the national security. Worse, they will weaken the program and thus thwart the national security. As desirable as the economic development of these territories may be, it is not an objective of the Congressional mandate on which the oil import program is based.[3]

[3] Trade Expansion Act of 1962, Pub. Law 87–794, 19 U.S.C. § 1862. Nowhere does the statute contemplate grant of quotas for foreign oil for the purpose of improving economic welfare or unemployment which has not been adversely affected by excessive imports. The lawyers who prepared the Presidential Proclamation legitimatizing the special deal for Phillips apparently recognized this because the special quotas for Puerto Rico there authorized were expressly limited to "instances in which the Secretary determines that such action would not impair the accomplishment of the objectives of this Proclamation . . ." (Section 3(b)(2) of Proclamation 3279, as amended.) The Secretary has authorized the Phillips deal; impliedly he has determined that this one special deal will "not impair the accomplishments of the objectives of this Proclamation." But what about the host of applications for similar treatment now pending! Also interesting: the case for quotas for Puerto Rico and the Virgin Islands is completely at odds with the statute's concern for *excessive* imports in that it relies on alleviating unemployment by *increasing* imports into these areas, and thence to the mainland.